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*Attorneys for Defendants Tom Hirsch, Diane Rose Hirsch,  
Berta Walder, Howard Walder, Harish P. Shah, Madhavi H. Shah and Horizon Partners, LLC*

**BEFORE THE ARIZONA CORPORATION COMMISSION**

In the matter of:

**DOCKET NO. S-20660A-09-0107**

**RADICAL BUNNY, L.L.C.**, an Arizona  
limited liability company,

**HORIZON PARTNERS, L.L.C.**, an  
Arizona limited liability company,

**TOM HIRSCH** (aka **TOMAS N.  
HIRSCH**) and **DIANE ROSE HIRSCH**,  
husband and wife;

**BERTA FRIEDMAN. WALDER** (aka  
**BUNNY WALDER**, a married person,

**HOWARD EVAN WALDER**, a  
married person,

**HARISH PANNALAL SHAH** and  
**MADHAVI H. SHAH**, husband and  
wife,

Respondents.

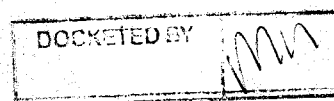
**STATEMENT OF FACTS**

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All of these statements are supported by the Hirsch Declaration which is  
attached.

1           1.     Radical Bunny, LLC was organized in June of 1999, but its  
2 antecedents went back further than that. In 1995, some of the people who  
3 ultimately became members of Radical Bunny began to invest in mortgages  
4 serviced by Mortgages Ltd. At that point, the participants invested directly in the  
5 mortgages and received a percentage interest in certain mortgages that Mortgages  
6 Ltd. serviced. Thus, in the beginning, Mortgages Ltd. found borrowers that  
7 created mortgages and sold the participants "pass through" fractional loans and  
8 lien interest in real estate collateral. The loans were for the financing of  
9 construction. Both Horizon Partners and Radical Bunny were formed for the  
10 purpose of pooling funds to invest in that pass through program. Horizon Partners  
11 and Radical Bunny did not advertise. They did not solicit. People satisfied with  
12 their investment returns described the program to their acquaintances and if those  
13 acquaintances choose to inquire, in some instances they became additional  
14 participants. There were no sales materials.

15  
16           2.     The participants were provided information that came from  
17 Mortgages Ltd. and later on approximately on a semi-annual basis, there was a  
18 meeting held in which matters were discussed related to the program.

19           3.     In approximately 2000, Horizon Partners received a "spread" of one  
20 quarter of one percent. Horizon Partners made all distributions of interest and the  
21 principal to participants, maintained accounts for participants, provided regular  
22 account statements for each of the participants and reviewed the loan summary  
23 sheets for each of the loans presented by Mortgages Ltd. Horizon Partners also  
24 provided tax forms at the conclusion of each tax year.

25           4.     Radical Bunny was formed in June of 1999. Mortgages Ltd. wanted  
26 \$100,000 minimum investments and Horizon had no roll over program when the  
27 loan matured and the participants were paid. From June 24, 1999 forward,  
28 Radical Bunny and Horizon both were paid an extra one quarter or one half

1 percent of all payments to cover the overhead of pooling funds and the preparation  
2 of necessary tax and other documents. After September 2005, Horizon did no  
3 more business. In 2005, Mortgages Ltd. wanted to institute a new opportunity  
4 program, by which million dollar notes would be issued by Mortgages Ltd. who  
5 would be obligated to pay the money and would lend the money to its borrowers.  
6 In approximately 2005, Radical Bunny began to receive a 2% spread for its  
7 management services. The participants requested Radical Bunny to act as their  
8 agent to purchase interests in specific Mortgages Ltd. loans. The 2% spread was  
9 fully disclosed to all participants and was the subject of an extensive presentation  
10 at the semi-annual meeting held in 2006. Thereafter, it was discussed at every  
11 semi-annual meeting. The invitation to semi-annual meetings specifically stated  
12 that the purpose was not to solicit any new investors. Later, the loans were made  
13 with Mortgages Ltd. itself as the borrower. In all instances, the loans were made  
14 and the notes were given to finance construction.

15  
16 5. The participants became involved by executing a direction to  
17 purchase. A typical direction to purchase is attached as Exhibit A. As Exhibit A  
18 shows, it was not to be used to solicit people to become participants in the  
19 program. The direction to purchase authorized a purchaser's agent (Radical  
20 Bunny) to acquire an interest in a specific Mortgages Ltd. loan. The direction to  
21 purchase set forth the amount invested, the percentage interest in the Mortgages  
22 Ltd. loan that the participant would have, the annual (net interest rate) to be paid  
23 to the participant, the maturity date of the loan and interest payment due date.

24 6. To Tom Hirsch's knowledge, none of the Defendants in this matter  
25 took a profit out of Radical Bunny. Any repayment to any of the Defendants was  
26 virtually immediately reinvested in another Mortgages Ltd. loan program.

27 7. Tom Hirsch sold a residence, an accounting practice, took a home  
28 equity advance on two of his homes and sold other property to put money into

1 investments with Mortgages Ltd. as a participant of Radical Bunny. Harish Shah  
2 took money out of his home equity line of credit, and his employee pension all of  
3 which went to Mortgages Ltd. as a participant of Radical Bunny. Howard and  
4 Berta Walder rolled over individual retirement accounts, sold a house and took an  
5 advance on their home equity all to become participants. Specifically, Tom  
6 Hirsch took \$380,000 from the sale of a residence, \$500,000 from the sale of an  
7 accounting practice, over \$1,500,000 from home equity advances on two  
8 properties and additional money that he made over that time, together with the  
9 sale of Safford property. The total amount of monies put into Mortgages Ltd.  
10 programs as a Radical Bunny participant and not returned to Tom Hirsch was  
11 \$3,196,000. Tom Hirsch, Harish Shah, Howard Walder and Berta Walder put  
12 over \$7,000,000 into Mortgages Ltd. programs. Defendants took no money from  
13 Horizon Investments or Radical Bunny in excess of what Defendants put in.  
14

15 8. As agents and members of Radical Bunny, Defendants reviewed the  
16 Mortgages Ltd. loans that were to be funded, Defendants received internal  
17 financial statements prepared by Mortgages Ltd., had meetings with company  
18 management, received audited third party financial statements, reviewed lending  
19 criteria, inspected loan documents, met with Mortgages Ltd. borrowers, spoke to  
20 Mortgages Ltd. officers and reviewed documents with those officers. Defendants  
21 made site visits.

22 9. In the fourth quarter in 2006, a concern was raised as to whether  
23 Radical Bunny was required to take some action under the Securities law. Radical  
24 Bunny interviewed a variety of lawyers. Radical Bunny eventually hired Quarles  
25 & Brady. The entire representation proceeded along the basis of what action was  
26 necessary to "fix" any problems Radical Bunny may have had. No lawyer ever  
27 told any of the Defendants to stop taking participants money.  
28

10. The participants only received interest and principal. They did not participate in the profit of either Mortgages Ltd. or Radical Bunny and were not responsible for any expenses or cash calls from those entities. The participants never invested in Radical Bunny. The obligation to participants was from Mortgages Ltd. directly to the participants in the matters stated. No commission or referrals were paid, no general solicitations were ever made. There was no marketing of these participations, no sales materials were ever prepared and no sales calls were ever made. Defendants did not have a website or a "presentation" for the purpose of raising money. Defendants only returned calls. No inducement other than the interest to be paid by Mortgages Ltd. was discussed.

11. The participations were not described or thought of as securities. They were in all cases percentage interests in loans made to finance construction.

RESPECTFULLY SUBMITTED this 29 day of April, 2010.

**LAVELLE & LAVELLE, PLC**

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ORIGINAL and 13 COPIES filed this  
29 day of April, 2010 with:

**ARIZONA CORPORATION COMMISSION**  
Securities Division  
1300 West Washington, Third Floor  
Phoenix, Arizona 85007

1 COPY of the foregoing MAILED this  
2 29 day of April, 2010 to:

3 Lyn Farmer  
4 Chief Administrative Law Judge  
5 **ARIZONA CORPORATION COMMISSION**  
6 1200 West Washington  
7 Phoenix, Arizona 85007

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